76L A67.42:WR 50-86

World Production and Trade

ORIGINAL

United States Department of Agriculture
Foreign Agricultural Service
Washington, D.C. 20250

Weekly Roundup
WR 50-86
Dec. 17, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

NOTE: There will be no issues of the Weekly Roundup of World Production and Trade on December 2 and December 31. The Roundup will resume on January 7.

GRAIN AND FEED

CANADA Announces New Subsidies for Grain and Oilseed Producers. The Canadian government's decision to provide up to C$1 billion (US$750 million) in subsidy payments to farmers could help keep marginal Canadian producers in business by insulating them from a downward trend in world prices and import demand for agricultural products. In announcing this program, the Canadian government referred to the "subsidy war between the United States and the European Community (EC)" as a motive for the subsidy. In addition to the regular minimum payments received by producers (for wheat it is C$160 per metric ton or US$116 per ton), under the new program the average grain farmer is estimated to receive about C$5,000 (US$3,600). Although the global grain market is stagnant, Canadian wheat/flour and barley exports are anticipated to increase in 1986/87 by 1.1 million tons (to 18.0 million tons) and 1.7 million tons (to 5.5 million tons), respectively.

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EC Accepts Large Quantity of U.S. Corn Under U.S.-EC Interim Agreement. The EC accepted a total of 468,000 tons of U.S. corn (out of a total of 497,000 tons accepted) at a 26 ECU per ton (US$27 per ton) levy reduction from the normal levy of 167 ECU per ton (US$173 per ton) in its two tenders this past week. Previously, the EC only had accepted 70,000 tons of U.S. corn under a smaller levy reduction for about 15 ECU per ton. With this purchase, an outstanding amount of 700,000 tons of corn remains to be purchased by the EC under the U.S.-EC interim agreement on Spanish accession.

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DAIRY, LIVESTOCK AND POULTRY

NEW ZEALAND'S Livestock Population Expands. Cattle and sheep numbers expanded 3.3 and 4.3 percent, respectively, during 1985/86, according to the U.S. agricultural attache in Wellington. Census data from July 1 show cattle at 8.19 million head and sheep at 70.7 million head. A 7-week meatworkers strike in early 1986 reduced slaughter, with October/September 1985/86 beef production falling to 467,000 tons, 3.5 percent below 1984/85 levels; sheep meat production fell 15.0 percent to 618,000 tons. For 1986/87, beef and sheep meat production are projected to increase to 535,000 tons and 634,000 tons, respectively. The projected recovery in sheep meat production for 1986/87 is relatively weak due to a reduced number of ewes and a smaller prospective lamb crop in 1986/87. Low sheep meat prices are causing the sheep herd reduction.

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VENEZUELA'S Milk Production Increases. Venezuelan milk production is expected to total 1.67 million tons in 1986, up 2.2 percent from 1985, according to the U.S. agricultural attache in Caracas. A similar increase is expected in 1987. The Venezuelan government encourages milk production by providing credit for importing improved genetics and for improving the infrastructure of the dairy industry. Traditionally nearly all production is sold to pastuerizers or dry-milk producers. However, this year significant quantities of milk are being processed into cheese on the farm because that operation yields better returns.

COTTON AND FIBERS

WORLD and U.S. Cotton Prices Moving Upward. World and U.S. cotton prices have been rising steadily since August of this year, gaining about 3 cents this past week. Several factors may be influencing this trend: Pakistan's crop has been almost fully committed; crop estimates in China, the USSR and the United States are lower; and Chinese traders appear to be holding stocks to await firmer prices. For the first time, USDA's adjusted world price for the week of December 12-18 will exceed the 44-cent redemption price for first handler certificates. This indicates that no first handler certificates will be issued unless the adjusted world price falls below the loan repayment price. This is also the first time that both "A" and "B" Indices exceeded the adjusted loan rates. These indices are two factors USDA considers in determining its adjusted world price.

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WOOD AND WOOD PRODUCTS

U.S. Wood Product Export Gains Outpace Import Increases. U.S. wood product exports to all countries for January-October 1986 were $2.41 billion, up more than 12 percent over the same period last year. Exports were buoyed by increased sales of softwood logs and lumber to Japan and by rebounding markets for softwood plywood in Europe. On the down side, U.S. softwood log exports to China for the first 10 months of 1986 were $155 million, only half the record level set in 1985. Japanese imports of U.S. wood products thus far in 1986 have reached $1.0 billion. From January-October, Japan imported U.S. softwood logs and softwood lumber valued at $612 and $200 million, respectively. Softwood plywood exports were up 70 percent to more than $95 million. The United Kingdom, the Netherlands and Denmark are the principal markets for U.S. plywood.

Total U.S. wood product imports were $4.52 billion for January-October, up 8 percent over the same period last year. Imports of softwood lumber from Canada were $2.54 billion, or 12.3 billion board feet. However, the dramatic increase of Canadian wood products appears to be slowing. Two possible reasons for this are the United States' countervailing duty against imports of softwood lumber from Canada and Canadian labor difficulties which have affected production. October imports of Canadian softwood lumber at 207 million board feet were down 26 percent, or 340 million board feet, from October of the past year.

EXPORT ENHANCEMENT INITIATIVES

The status of USDA's Export Enhancement Program as of Dec. 15, 1986, was as follows in metric tons:

	ANNOUNCED INITIATIVES	DATE ANNOUNCED	QUANTITY/RESULTS	
54.	Dominican Republic table eggs	Dec. 9, '86	25 million	
53.	Zanzibar wheat flour	Dec. 9, '86	20,000	
52.	Tunisia barley	Dec. 1, '86	150,000	
51.	Gulf countries (Bahrain Kuwait, Oman, Qatar, United Arab Emirates) dairy cattle	Oct. 30, '86	1,500 head	
50.	West Africa (Cameroon Cote d'Ivoire, Ghana, Togo) wheat	Oct. 30, '86	345,000	
49.	Dominican Republic poultry	Oct. 29, '86	1,500	Sold 1,096
48.	Philippines barley malt	Oct. 20, '86	60,000	Sold 25,000
47.	Cameroon wheat flour	Oct. 14, '86	20,000	
46.	Romania barley	Sept. 24, '86	200,000	Sold 125,000
45.	Venezuela barley malt	Sept. 4, '86	100,000	
44.	Cyprus barley	Aug. 26, '86	150,000	Sold 75,000
43.	Canary Islands wheat	Aug. 8, '86	100,000	

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

42.	Egypt semolina	Aug. 6, '86	30,000	Sold 15,000
41.	Soviet Union wheat	Aug. 1, '86	4,000,000	EXPIRED
40.	Canary Is. dairy cattle	July 28, '86	3,000 head	
39.	Hong Kong table eggs	July 28, '86	44 million	
38.	Senegal wheat	July 17, '86	100,000	COMPLETE
37.	India vegetable oil	July 8, '86	25,000	
36.	Jordan barley	June 17, '86	60,000	
35.	Israel barley	June 17, '86	200,000	Sold 36,200
34.	Tunisia dairy cattle	May 29, '86	4,000 head	
33.	Algeria dairy cattle	May 29, '86	5,000 head	
32.	Sri Lanka wheat	May 16, '86	125,000	Sold 75,000
31.	Saudi Arabia barley	May 7, '86	500,000	COMPLETE
		Aug. 5, '86	250,000	COMPLETE
		Sept. 16, '86	300,000	COMPLETE
		Oct. 8, '86	200,000	COMPLETE (201,000)
30.	Algeria barley	Apr. 17, '86	500,000	
29.	Morocco dairy cattle	Apr. 16, '86	4,000 head	Sold 3,505
28.	Turkey dairy cattle	Apr. 16, '86	5,000 head	
27.	Egypt dairy cattle	Apr. 16, '86	6,000 head	COMPLETE
		Sept. 12, '86	10,000 head	Sold 1,855
26.	Yemen poultry feed	Apr. 14, '86	150,000	
25.	Yugoslavia wheat	Apr. 10, '86	200,000	COMPLETE
		June 24, '86	200,000	Sold 190,950
		Oct. 7, '86	500,000	
24.	Indonesia dairy cattle	Apr. 9, '86	7,500 head	COMPLETE
23.	Syria wheat	Apr. 8, '86	700,000	CANCELLED
22.	Benin wheat	Apr. 7, '86	45,000	Sold 30,000
21.	Algeria table eggs	Apr. 4, '86	500 million	
20.	Iraq dairy cattle	Apr. 4, '86	6,500 head	Sold 200
19.	Jordan wheat	Mar. 19, '86	75,000	COMPLETE
		June 20, '86	75,000	COMPLETE
18.	Tunisia wheat	Mar. 18, '86	300,000	COMPLETE
		Aug. 22, '86	800,000	Sold 250,000
17.	Algeria wheat flour	Feb. 25, '86	100,000	
16.	Algeria semolina	Feb. 11, '86	250,000	Sold 30,000
15.	Philippines wheat	Jan. 7, '86	150,000	COMPLETE (152,400)
14.	Zaire wheat	Dec. 27, '85	40,000	COMPLETE
		May 15, '86	40,000	COMPLETE
		Oct. 17, '86	40,000	
13.	Nigeria barley malt	Dec. 10, '85	100,000	Sold 9,400
12.	Iraq wheat flour	Dec. 9, '85	150,000	Sold 125,000
11.	Egypt poultry	Nov. 26, '85	8,000	COMPLETE
		Mar. 21, '86	15,000	COMPLETE
		June 18, '86	5,000	COMPLETE
		July 8, '86	15,000	COMPLETE

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EXPORT ENHANCEMENT PROGRAM INITIATIVES (CONT)

10.	Zaire wheat flour	Nov. 18, '85	64,000	COMPLETE
		May 15, '86	30,000	Sold 15,000
9.	Philippines wheat flour	Nov. 15, '85	100,000	Sold 50,000
8.	Jordan rice	Nov. 8, '85	40,000	Sold 38,700
7.	Turkey wheat	Oct. 16, '85	500,000	COMPLETE (506,600)
		May 8, '86	500,000	Sold 100,000
6.	Morocco wheat	Sept. 30, '85	1,500,000	Sold 1,390,000
		Dec. 9, '86	790,000	
5.	Yemen wheat	Sept. 6, '85	100,000	COMPLETE
4.	Yemen wheat flour	Aug. 20, '85	50,000	COMPLETE
		Apr. 14, '86	100,000	Sold 63,000 LT
3.	Egypt wheat	July 26, '85	500,000	COMPLETE
		Oct. 30, '85	500,000	COMPLETE (512,500)
		June 24, '86	500,000	COMPLETE
		July 29, '86	52,000	Sold 29,000
		Oct. 8, '86	1,000,000	
2.	Egypt wheat flour	July 2, '85	600,000	COMPLETE
		Aug. 6, '86	600,000	
1.	Algeria wheat	June 4, '85	1,000,000	COMPLETE
		Apr. 10, '86	1,000,000	Sold 354,000
		Nov. 10, '86	300,000	Sold 240,000

EXPORT ENHANCEMENT PROGRAM SUMMARY
Status as of Dec. 15, 1986

Announced to Date	17,319,838 (grain equivalent)
	569 million table eggs
	44,500 tons frozen poultry
	52,500 head dairy cattle
	25,000 tons vegetable oil
Sold to Date	6,945,459 wheat
	1,332,622 flour (grain equivalent)
	1,487,200 barley
	61,650 semolina (grain equivalent)
	45,866 barley malt (grain equivalent)
	38,700 rice
	44,096 frozen poultry
	19,060 head dairy cattle
Total Sales Value:	$1,003.8 million
Estimated Bonus Book Value:	$623.4 million.

TARGETED EXPORT PROMOTION PROGRAM

No announcements were made under USDA's Targeted Export Promotion Program this week.

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Selected International Prices

Item	December 16, 1986		Change from a week ago	A year ago
ROTTERDAM PRICES 1/	$ per MT	$ per bu.	$ per MT	$ per MT
Wheat:				
Canadian No. 1 CWRS-13.5%.	N.Q.	--	--	N.Q.
U.S. No. 2 DNS/NS: 14%....	137.00	3.73	-0.50	181.00
U.S. No. 2 S.R.W.	137.00	3.73	--	159.00
No. 3 H.A.D.....10/.	150.00	4.08	-2.50	173.00
Canadian No. 1 A: Durum...	154.00	4.19	-2.00	N.Q.
Feed grains:				
U.S. No. 3 Yellow Corn....	84.00	2.13	-2.50	122.75
Soybeans and meal:				
U.S. No. 2 Yellow.....	N.Q.	--	--	216.80
Brazil 47/48% Soya Pellets	195.00	--	-4.00	195.00
U.S. 44% Soybean Meal.....	172.00	--	-5.00	176.00
U.S. FARM PRICES 3/				
Wheat.....	87.07	2.37	-1.10	114.63
Barley.....	47.77	1.04	-2.30	74.87
Corn.....	57.87	1.47	-1.57	88.98
Sorghum.....	54.23	2.46 2/	-0.79	81.35
Broilers.....	1,027.78	--	-126.98	1,055.78
EC IMPORT LEVIES				
Wheat 5/.....	189.45	5.16	-1.70	110.80
Barley.....	182.35	3.97	-0.65	114.00
Corn.....	172.05	4.37	-0.50	91.45
Sorghum.....	172.95	4.39	-1.35	101.55
Broilers 4/ 6/ 8/.....	--	--	--	--
EC INTERVENTION PRICES 7/ 9/				
Common wheat(feed quality)	190.90	5.20	-0.65	167.15
Bread wheat (min. quality)	200.15	5.45	-0.65	178.05
Maize.....	200.15	5.08	-0.65	167.15
Barley and all other feed grains, excluding maize.	190.90	--	-0.65	167.15
Broilers 4/ 6/.....	--	--	--	--
EC EXPORT RESTITUTIONS (subsidies)				
Wheat	N.A.	--	--	N.A.
Barley.....	N.A.	--	--	72.10
Broilers 4/ 6/ 8/.....	--	--	--	--

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. 10/ April/May delivery. N.A.=None authorized. N.Q.=Not quoted. Note: Basis January delivery.

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